

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO. 2012-00530
FILING OF VALLEY GAS, INC.)

ORDER

On July 5, 2011, in Case No. 2011-00010,¹ the Commission approved rates for Valley Gas, Inc. ("Valley Gas") and provided for their further adjustment on a quarterly basis in accordance with Valley Gas's Gas Cost Recovery ("GCR") clause.

On December 3, 2012, Valley Gas filed its GCR to be effective January 1, 2013.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Valley Gas's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley Gas's proposed Expected Gas Cost ("EGC") is \$4.9625 per Mcf, which is an increase of \$.9206 per Mcf from its previous EGC of \$4.0419 per Mcf.
3. Valley Gas's notice sets out no current quarter refund adjustment ("RA").
4. Valley Gas's notice sets out a current quarter Actual Adjustment ("AA") of \$.0023 per Mcf. Valley did not use the correct \$3.5772 per Mcf EGC in Effect for Month for July, August, and September 2012 in its calculation on Schedule IV. Correcting this produces a current AA of \$.0306 per Mcf. Valley also failed to use its approved Previous Quarter Reported Actual Adjustment of (\$.1607) per Mcf in its calculation of

¹ Case No. 2011-00010, Application of Valley Gas, Inc. for Alternative Rate Filing Adjustment (Ky. PSC July 5, 2011).

the Total AA on Schedule I. Valley's corrected total AA is (\$1.7062) per Mcf, which is \$.0480 per Mcf more than its previous total AA of (\$1.7542) per Mcf.

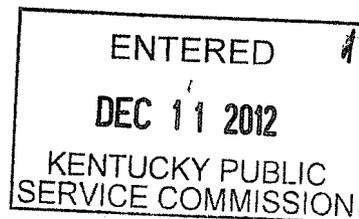
5. Valley Gas's GCR is \$3.2563 per Mcf, which is \$.9686 per Mcf more than the previous rate of \$2.2877 per Mcf.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be effective for billing for service rendered by Valley Gas on and after January 2, 2013. Valley did not give the 30 days' notice required for its increase in rates to be effective January 1, 2013.

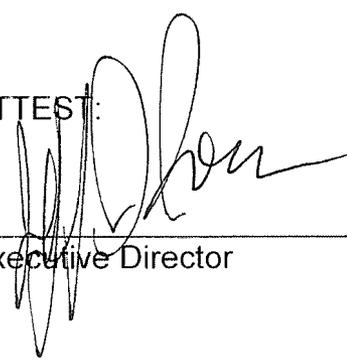
IT IS THEREFORE ORDERED that:

1. The rates proposed by Valley are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 2, 2013.
3. Within 20 days from the date of this Order, Valley Gas shall file its revised tariffs with this Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00530 DATED DEC 11 2012

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Customer Charge	\$10.00		
	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
All Mcf	\$2.7544	\$3.2563	\$6.0107

Kerry R Kasey
Secretary
Valley Gas, Inc.
401 First Street
P. O. Box 55
Irvington, KY 40146